Amended and Restated July 4, 2012

FERONIA INC.
(formerly G.T.M. Capital Corporation)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Feronia Inc. ("Feronia" or the "Company") for the three and nine months ended September 30, 2011 was prepared by management as at November 24, 2011, as amended and restated on July 4, 2012. Throughout this MD&A, unless otherwise specified, "Feronia", "the Company", "we", "us" or "our" refer to Feronia Inc. and its subsidiaries and should be read in conjunction with the unaudited consolidated interim financial report for the three and nine months ended September 30, 2011, as amended and restated on July 4, 2012. The results reported herein are presented in U.S. dollars ($) unless otherwise stated and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company may be found at www.sedar.com.

NOTE TO READER:

The unaudited consolidated interim financial report and MD&A for the three and nine months ended September 30, 2011 have been amended and restated to reflect the following changes:

(1) Non-current biological asset valuation

As a result of the adoption of IFRS in 2011, management was required to apply the accounting standard IAS 41, Biological Assets (IAS 41) for each interim period from the transition date, being January 1, 2010. In preparing the 2011 year-end consolidated financial statements, management realized that on adoption, IAS 41 was not correctly applied during the interim periods. This was a result of formula errors noted in the valuation models and errors in the valuation methodology. As a result, the Q3 2011 unaudited consolidated interim financial report has been amended and restated as follows:

Period	Effect of Restatement

Three and nine months ended September 30, 2011	• elimination of gain on biological assets of $1,075,514 and $7,039,120, respectively
	• reduction of income tax expense of $430,206 and $1,991,296, respectively
	• effects on Consolidated Statements of Financial Position included the following:
	  • reduction in the valuation of non-current biological assets of $13,625,025
	  • reduction in the deferred tax liability of $5,450,010
	  • previously recognized current biological assets totaling $2,797,553 were reclassified to inventories as this balance is finished goods palm oil inventory

Three and nine months ended September 30, 2010	• elimination of gain on biological assets of $665,456 and $2,444,003, respectively • elimination of non-current biological assets of $2,827,136 • reduction in income tax expense of $266,182 and $977,601, respectively • decrease in deferred tax liabilities of $1,130,854 • the Company previously reported current biological assets of $416,571 which related to finished goods palm oil and were appropriately reclassified as inventories

(2) Warrant liability

As a result of the adoption of IFRS, the Company was required to record certain non-broker warrants as financial liabilities based on the fact that the warrants have anti-dilution clauses which did not meet the "fixed-for-fixed" rule set out in IAS 32. In preparing the 2011 year-end consolidated financial statements, management noted that the valuation of warrants was not correctly applied during previous interim periods. As result, the Q3 2011 unaudited consolidated interim financial report has been amended and restated as follows:

Period ended	Effect of Restatement
Three and nine months ended September 30, 2011	• recognized a fair value gain of $3,085,081 and $2,638,457, respectively, as part of finance costs
Three and nine months ended September 30, 2010	• recognized a fair value loss of $2,643,755 for both periods as part of finance costs

(3) Arable and other adjustments

In preparing the 2011 year-end consolidated financial statements, management noted that certain transactions were not accounted for correctly during the interim periods, which resulted in the following adjustments:

Period ended	Effect of Restatement
Three and nine months ended September 30, 2011	• an increase in selling, general and administrative expenses of $365,111 and $1,108,103 for the three and nine months ended September 30, 2011, respectively, as a result of expensing previously deferred costs relating to arable land preparation and adjusting amortization expense which was previously calculated incorrectly • property, plant and equipment decreased by $95,913 as a result of the correction to the amortization expense • share capital, warrant reserves, share-based payment reserves, retained earnings (deficit) and accumulated other comprehensive income were all impacted as a result of adjusting entries, with the net impact being a decrease in equity totaling $8,897,905 • as a result of the aforementioned adjustments, profit (losses) attributable to the owners of the parent changed by $1,884,345 and $2,911,222 for the three and nine months ended September 30, 2011, respectively, and on the consolidated statements of financial position, the impact was a decrease in shareholders' equity attributable to the owners of the parent by $8,897,905. Profits (losses) attributable to the non-controlling interest changed by $95,044 and $873,340 for the three and nine months ended September 30, 2011, respectively, in the consolidated statements of loss and by $1,899,094 in the consolidated statements of financial position
Three and nine months ended	• an increase in selling, general and administrative expenses of $1,898,432 and $2,869,568 for the three and nine months ended September 30, 2010, respectively,

Period ended	Effect of Restatement
September 30, 2010	• share capital, warrant reserve, equity reserves, retained earnings (deficit) and accumulated other comprehensive income were all impacted as a result of adjusting entries with the net impact being a decrease in equity totalling $6,136,222 • as a result of the aforementioned adjustments, profits (losses) attributable to the owners of the parent changed by $4,326,389 and $4,000,176 for the three and nine months ended September 30, 2010, respectively, and on the consolidated statements of financial position, the impact to the owners of the parent was a decrease in shareholders' equity attributable to the owners of the parent by $5,158,031. Profits (losses) attributable to the non-controlling interest changed by $431,439 and $973,991 for the three and nine months ended September 30, 2010, respectively, in the consolidated statements of loss and by $1,030,546 in the consolidated statements of financial position

Please refer to Note 2 of the amended and restated consolidated interim financial report for the three and nine months ended September 30, 2011 for a detailed breakdown of the adjustments associated with the foregoing items.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Company participates or is seeking to participate, product shipments in the fourth quarter of 2011, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" in the listing application of the Company dated August 27, 2010 (the "Listing Application") and the risk factors discussed under "Risk Factors Affecting Future Results" in the Company's management's discussion and analysis dated May 2, 2011 relating to the audited consolidated financial statements and notes thereto for the year ended December 31, 2010 (the "Annual MD&A"). Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate

in the future, including assumptions regarding expected crop yields, commodity prices, business and operating strategies, and the Company's ability to operate its production facilities and plantations on a profitable basis.

Some of the risks which could affect future results and would cause results to differ materially from those expressed in the forward-looking statements contained herein include: risks related to foreign operations (including various political, economic and other risks and uncertainties), termination or non-renewal of concession rights or expropriation of property rights, political instability and bureaucracy, limited operating history, lack of profitability, lack of infrastructure in the Democratic Republic of Congo ("DRC"), high inflation rates, limited availability of debt financing in the DRC, fluctuations in currency exchange rates, competition from other businesses, reliance on various factors (including local labour, importation of machinery and other key items, business relationships, and two refining factories), a shift in commodity trends and demands, vulnerability to fluctuations in the world market, the lack of availability of qualified management personnel and stock market volatility.

BUSINESS OVERVIEW

Feronia is a large-scale commercial farmland and plantation operator in the DRC. The Company uses modern agricultural practices to operate and develop its oil palm plantations and arable farming business division. Feronia believes in the immense agricultural potential of the DRC for high-quality foodstuffs and edible oils given its ideal climate, excellent soil and highly skilled and experienced workforce. The Company's management team is comprised of senior agriculturalists with extensive experience in managing both plantations and large-scale mechanized farming operations in emerging markets. Feronia is committed to sustainable agriculture, environmental protection and providing support for local communities.

The Company does not report its operations in either a business or geographical segment format as it operates in a single business segment that does not include products and services with significantly differing risks and returns. While there may be dissimilarities with respect to one or several of the factors in the definition of a business segment, the products and services included in the single business segment are expected to be similar with respect to a majority of the factors.

Oil Palm Plantations

Feronia currently operates oil palm plantations in the DRC, having acquired 76.17% of the shares of Plantations et Huileries du Congo S.c.A.R.L ("PHC"), a company incorporated under the laws of the DRC, from subsidiaries of Unilever plc on September 3, 2009. The assets of the Company that are located in the DRC are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, legislative changes, political uncertainty and currency exchange fluctuations and restrictions.

As at September 30, 2011, PHC, being the main operating unit of Feronia, had concessions of 107,892 ha respectively located in the provinces of Equateur and Orientale in the DRC.

As at September 30, 2011, PHC consisted of the following**:**

(1) 12,753 ha of oil palms in production;

(2) 4,836 ha of immature palms;

(3) 48,487 ha of surveyed plantable reserves;

(4) two working oil palm mills;

(5) a workforce of 3,639 employees including 35 managers; and

(6) supporting infrastructure of roads, houses, offices, hospitals and clinics.

In the quarter ended September 30, 2011, 729 ha of new oil palms have been planted which increased the immature planted hectares to 4,836 ha from 4,107 ha. The total for the nine months ended September 30, 2011 was 1,768 ha of new oil palms planted. This planting is consistent with our objective to plant 2,000 ha of oil palms during 2011.

Since its acquisition of the shares of PHC, Feronia has embarked on a programme of rehabilitation of its oil palm mills and the internal road system, with the objective of increasing production annually at the plantations. The oil palm mills at the Lokutu and the Boteka plantations have been refurbished and the operation to barge fruit from the Yaligimba plantation to the oil palm mill at the Lokutu plantation is ongoing. Fruit production and the classification of palms by plantation are shown in the table below. Due to the delay in barging operations at Yaligimba and therefore fruit evacuation, the true yield per hectare is not reflected for this plantation. Management is working to improve the efficiency of the barging operation until the new oil palm mill under construction at Yaligimba is completed and the need for barging is eliminated.

Key Metrics:

	Nine Months Ended September 30, 2011					
	Lokutu	Yaligimba	Boteka	**TOTAL**	2010	2009
Immature Hectares	2,091	1,785	960	**4,836**	2,852	2,795
Producing Hectares	6,319	4,343	2,091	**12,753**	13,338	12,730
Fruit Production (tonnes)	24,531	4,429	7,402	**36,362**	23,209	18,750
Oil Produced	4,435	500	1,277	**6,212**	3,764	2,920
Oil Extraction Rate	18.1%	11.3%	17.3%	**17.1%**	16.2%	15.6%

As a result of the replanting programme and the focus on replacing older, lower yielding oil palms, there were fewer producing hectares in the third quarter of 2011 (12,753) compared to the third quarter of 2010 (13,338). Notwithstanding the reduced productive area the total tonnage of fruit production increased 77% on a year-over-year basis. This increase is attributed to improved harvesting and collection practices that have resulted in higher realized yields. The improved harvesting and collection can be attributed to investments made in road improvements and the introduction of additional vehicles.

During the third quarter of 2011, the Company's major Crude Palm Oil ("CPO") customer engaged in normal course maintenance at its plant which resulted in temporary closures and reduced operating capacity. As a result, CPO sold during the quarter ended September 30, 2011 was approximately 1,200 tonnes compared to 1,917 tonnes produced. It is anticipated that in the fourth quarter of 2011, the Company will sell more CPO than it will produce and the CPO held in inventory will be reduced. See "Forward-Looking Statements" above.

Arable Farmland

Having researched a number of arable farming opportunities in the DRC, Uganda, Zimbabwe and South Africa, the Company's management team identified the large scale production of staple crops, such as rice, as the most attractive project to pursue. The Company's goal with respect to the production of staple crops is to substitute local production for expensive imports in local markets, contributing to the alleviation of Sub-Saharan Africa's reliance on imported food (for example the USDA in "*The World Agricultural Supply and Demand Estimates* (WASDE)" forecasts that 40% of the rice consumed in Sub-

Saharan Africa will be imported). In the longer term, the Company's goal is to export staple crops to meet the ever increasing demand from countries such as China and India. Due to its large reserves of fertile arable land and optimal well distributed rainfall, the Company selected the DRC as the most favourable location to establish arable farmland operations.

The Company is in the process of establishing a large scale arable farming operation in the DRC. The first farm was established in the western region of the DRC in the third quarter of 2010. Land clearing has continued throughout 2011 in preparation of the large scale sowing of rice in the last quarter of 2011. Preparations for storage facilities, drying and processing have commenced with completion anticipated in the first quarter of 2012. Imports of fertiliser and equipment were shipped and landed on the farm before the current planting season commenced.

KEY FACTORS AFFECTING THE COMPANY'S BUSINESS

The results of operations of the Company are, and will continue to be, affected by the cyclical nature of agricultural commodity markets. Prices and demand for agricultural commodities have been, and in the future are expected to be, subject to cyclical fluctuations.

The pricing of agricultural commodities is set by global markets which are affected by supply, demand and prevailing global stock levels. The increasing use of vegetable oils for biofuels is also developing a linkage between the price of agricultural products and the price of petroleum. These markets are, in turn, subject to fluctuations due to, among other factors:

- changes in domestic and international economic conditions;
- changes in market prices of commodities;
- interest rates;
- government regulations and policies;
- population growth and changing demographics; and
- seasonal weather cycles (e.g. dry or hot summers, wet or cold winters)

The success of the business depends upon the productivity of the oil palm plantations and arable farms, and the ability to realize expected yields. Oil palm plantation and arable farm yields depend on a number of factors, many of which are beyond the Company's control. These include damage by disease, pests and other natural disasters, and weather, climate and soil conditions. The Company's ability to improve and maintain the yields will depend on these factors, among others, as well as the ability to improve the agronomy. If the Company cannot achieve yields at expected levels, the business, financial condition and results of operations could be materially and adversely affected.

The Company relies on relationships with local land owners, key customers, suppliers and third party service providers for the plantation, farming and trading activities. Feronia relies to a significant extent on third party service providers for day-to-day transport on our oil palm plantations.

The Company is heavily dependent on the expertise of senior management in the agricultural sector, research and development in oil palm plantation and farm management practice, agricultural products manufacturing production processes, and the relationships cultivated by them with major customers and others.

The Company is subject to regulations under a variety of national and local laws and regulations in the DRC. Violations of DRC laws or regulations could result in civil and criminal penalties.

UPDATE ON USE OF AVAILABLE FUNDS

The following table sets out a comparison of the disclosure regarding the Company's intended use of available funds as set out in the Listing Application, dated August 27, 2010 and the actual use of available funds as at September 30, 2011:

Anticipated Use of Funds	Estimated Use of Funds Over Next 18 Months (as of the date of the Listing Application)	Actual Use of Funds (as at September 30, 2011)
Rehabilitation of roads and other Infrastructure on oil palm estates	$2,400,000	$ **1,371,450**
New planting on oil palm estates	$2,000,000	$**1,686,441**
Rehabilitation and new mill down payment	$3,100,000	$**2,146,000**
Acquisition of IT hardware and software	$200,000	$**197,440**
Purchase of farm machinery and equipment	$800,000	$ **881,046**
Land acquisition and clearing	$600,000	$ **588,436**
Planting of crops	$600,000	$ **647,130**
Purchase of grain storage and processing plant	$1,300,000	$ **971,000**
Purchase of miscellaneous operational equipment	$800,000	**$ 625,410**

The Company is currently on target with respect to its anticipated expenses for new planting on oil palm estates and the rehabilitation of the oil palm mills. Most of the other anticipated uses of funds included in the table above are scheduled for fiscal 2011, with operational equipment scheduled to be purchased in fiscal 2012. Other than as disclosed below under "Update on Objectives", there are no variances on uses of funds which have impacted the Company's ability to achieve its business objectives and milestones as outlined in the Listing Application, dated August 27, 2010.

UPDATE ON OBJECTIVES

The following table sets forth the business objectives of the Company for the 2010 and 2011 calendar years as set forth in the Listing Application and the current status of such objectives:

Objectives	Status
Oil palm – 2010	
Rehabilitate two oil palm mills, restoring them back to their rated capacity of 10 tonnes of Fresh Fruit Bunches ("FFB") per hour	Completed
Rehabilitate the estate roads and engage additional transport contractors to transport the FFB to the mill for processing	Completed

Objectives	**Status**
Rehabilitate the plantations at the Yaligimba plantation and have equipment in place to enable FFB from the Yaligimba plantation, DRC to be transported by barge to Lokutu for processing (with an estimated 4,500 ha of mature plantations being brought back into production)	Completed
Plant an additional 1,000 ha of new oil palms	Completed
Place an order for a new oil palm mill for the Yaligimba plantation	Completed
Produce approximately 8,500 tonnes of CPO	Not completed due to delay in commencement of rehabilitation activities.
Oil palm – 2011	
Produce approximately 18,000 tonnes of CPO	The Company expects that 8,000 tonnes of CPO and 120 tonnes of palm kernel oil will be produced in 2011.
Plant an additional 1,000 ha of new oil palms	Objective has changed and increased to 2,000 ha.
Arable – 2010	
Clear and plant 1,000 ha of rice in Bas Congo, DRC	Not completed. Completion is expected in 2011.
Establish a drying and processing plant to process the crop in Bas Congo, DRC	Not completed. Completion is now expected in first quarter 2012
Arable – 2011	
Harvest, process and sell approximately 4,000 tonnes of rice, 2,400 tonnes of edible beans and 800 tonnes of millet	Completion is expected in 2012 as rice will be sown in Q4, 2011 and harvested in Q1, 2012. Beans to be sown Q1, 2012, harvested in Q2/Q3, 2012 and millet to be sown and harvested in Q3, 2012.
Clear and plant an additional 1,000 ha of land with rice in Bas Congo, DRC to reach total production area of 2,000 ha	Objective has not changed.

Certain information set out in the table above under “Status” is forward-looking information. Such forward-looking information is based on the assumptions and is subject to the material risks discussed above under “Forward-Looking Statements”. Actual results may vary significantly from the forward-looking information in this MD&A.

Major outstanding anticipated cash requirements are related to:

i) Completion of the new oil palm mill at Yaligimba;
ii) Completion of the rice mill to service the arable operations;
iii) Acquisition of fertilizer for use at the oil palm plantations; and
iv) Completion of the storage and drying facilities to service the arable operations.

DISCUSSION OF OPERATIONS – Three and Nine Months ended September 30, 2011

Revenue and Gross Margin

(Expressed in thousands of US dollars)	Three months ended Sept 30,			Nine months ended Sept 30,		
	2011[1]	2010[1]	% Change	**2011[1]**	2010[1]	% Change
Oil palm	**$ 1,189**	$ 1,085	10%	**$ 4,113**	$ 2,739	50%
Other	**156**	206	(24)%	**325**	288	13%
Revenue	**1,345**	1,291	4%	**4,438**	3,027	47%
Cost of operations	**678**	1,367	(50)%	**2,435**	2,798	(13)%
Gross Margin[2]	**$ 667**	$ (76)	978%	**$ 2,003**	$ 229	775%
Gross Margin[2] %	**50%**	(6)%		**45%**	8%	

Notes:

(1) Certain figures have been restated and reflect adjustments as discussed in Note 2 of the condensed consolidated interim financial statements.
(2) Gross margin is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

Revenues for the third quarter of 2011 increased 4%, or $54,000, to $1,345,000 compared to $1,291,000 for the third quarter of 2010. In the nine months ended September 30, 2011, revenues increased by 47%, or $1,411,000, to $4,438,000 compared to $3,027,000 for the nine months ended September 30, 2010. The 4% increase for the three months ended September 30, 2011 and the 47% increase for the nine months ended September 30, 2011 were primarily driven by increases in our oil palm segment of $104,000 and $1,374,000, respectively, and other revenue of $37,000 in the nine months ended September 30, 2011. Other revenue consists of cocoa sales, rental income and sales of farm produce.

In the core oil palm segment, revenues for the third quarter of 2011 improved by 10%, or $104,000, to $1,189,000 compared to the third quarter of 2010. For the nine months ended September 30, 2011, revenues increased by 50%, or $1,374,000, to $4,113,000 compared to the nine months ended September 30, 2010. The overall increase in revenues was driven by an increase in the realized price per tonne of oil palm to $991 per tonne in the three months ended September 30, 2011 from $742 per tonne in the three months ended September 30, 2010. Total tonnes shipped in the quarter ended September 30, 2011 decreased to 1,200 tonnes from 1,461 tonnes in the quarter ended September 30, 2010. This decrease was due to plant closures for maintenance at one of our customers in the month of September 2011. In the third quarter of 2011, production of CPO was 1,917 tonnes compared to 1,007 tonnes in the third quarter of 2010. Gross margin improved to 45% in the nine months ended September 30, 2011 compared to 8% for the same period in 2010, due in part to fixed costs which are spread out over higher volumes produced and to increased revenues.

The following table provides a summary of palm fruit production and CPO:

	Three months ended Sept 30			Nine months ended Sept 30		
	2011	2010	% Change	**2011**	2010	% Change
Palm Fruit Production						
Total Tonnes	**11,608**	6,549	77%	**36,362**	23,209	57%
Crude Palm Oil (CPO)						
Total Tonnes	**1,917**	1,007	90%	**6,212**	3,764	65%
Oil Extraction Rate ("OER")	**16.5%**	15.4%		**17.1%**	16.2%	

In the third quarter of 2011, 11,608 tonnes of palm fruit produced 1,917 tonnes of CPO, resulting in an OER of 16.5%, compared to 6,549 tonnes of palm fruit producing 1,007 tonnes of CPO with an OER of 15.4% in the third quarter of 2010.

In the nine months ended September 30, 2011, 36,362 tonnes of palm fruit produced 6,212 tonnes of CPO, resulting in an OER of 17.1%, compared to 23,209 tonnes of palm fruit producing 3,764 tonnes of CPO with an OER of 16.2% in the nine months ended September 30, 2010. Our OER for the nine months ended September 30, 2011 was lower than the first six months of 2011 due to a minor problem with the hydraulic fruit press at Lokutu. This has been rectified with extraction efficiency back to previous levels. As additional hectares commence production, FFB production is increased, and harvesting practices are improved, further improvement in OERs and oil production are anticipated.

Operating Costs

(Expressed in thousands of US dollars)	Three months ended September 30,			Nine months ended September 30,		
	2011[(1)]	2010[(1)]	% Change	**2011[(1)]**	2010[(1)]	% Change
Selling, general and administrative	$943	$2,303	(59)%	$3,589	$3,605	(0.4)%
Operating expenses	$1,461	$1,032	42%	$4,795	$3,027	58%
Other gains and losses	$122	$66	85%	$70	($158)	(144)%
Operating costs	**$2,526**	**$3,401**	(26)%	**$8,454**	**$6,474**	31%

Note:

(1) Certain figures have been restated and reflect adjustments as discussed in Note 2 of the condensed consolidated interim financial statements.

Operating costs for the third quarter of 2011 were $2,526,000, a decrease of $875,000, or 26%, compared to the third quarter of 2010. Operating costs for the nine months ended September 30, 2011 were $8,454,000, an increase of $,1,980,000, or 31%, compared to the nine months ended September 30, 2010. The increase in the first nine months of 2011 was primarily as a result of an increase in operating expenses of $1,768,000.

The increase in selling, general and administrative expenses in the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 was primarily due to an increase in

professional fees of $1,550,000, with $1,340,000 incurred in the first two quarters of 2011. This increase in professional fees includes $950,000 for audit and accounting-related costs and $83,000 for legal fees. The audit and accounting-related costs of $950,000 relates to additional costs incurred for the year-end audit, IFRS transition and work on the equity offering in the first six months of 2011. The increase in professional fees was offset by costs relating to the completion of the reverse takeover transaction incurred in the third quarter of 2010 amounting to $1,395,000, which were not incurred in 2011.

The increase in operating expenses for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 was primarily due to:

- expansion of the oil palm and arable operations led to an increase in salaries and wages, staff allowances and payroll taxes of $676,000 in the first two quarters and $170,000 in the third quarter of 2011.

- termination payments of $551,000 in the first two quarters and $22,000 in the third quarter of 2011 were made to the former Chief Executive Officer and Chief Financial Officer of the Company. Similar costs were not incurred in 2010.

- an increase in depreciation cost of $180,000 in the first two quarters and $137,000 in the third quarter, due to an increased investment in fixed assets in 2011 with depreciation charged in the year of acquisition.

The decrease in other gains and losses of $228,000 for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 was as a result of movement in foreign exchange and a decrease in other income.

Income taxes under IFRS

There was no gain on biological assets for the nine month periods ended June 30, 2011 and 2010 under IFRS and no corresponding tax liability. However, there was a deferred tax liability recognized amounting to $339,990 for the second quarter of 2011 due to the warrants being issued and out of the money at the end of the reporting period.

Net income (loss)

(Expressed in thousands of US dollars)	Three months ended September 30,			Nine months ended September 30,		
	2011[(1)]	2010[(1)]	% Change	**2011**[(1)]	2010[(1)]	% Change
Net income (loss) attributable to Feronia	$1,290	$(6,194)	(121)%	$(3,832)	$(8,780)	(56)%

Note:

(1) Certain figures have been restated and reflect adjustments as discussed in Note 2 of the condensed consolidated interim financial statements.

Net income (loss) attributable to Feronia for the three and nine months ended September 30, 2011 was $1,290,000 and ($3,832,000) respectively, or $0.01 and ($0.03) per share respectively, compared to a net loss of ($6,194,000) and ($8,780,000), or ($0.11) and ($0.13) per share, in the three and nine months ended September 30, 2010, respectively.

Net loss attributable to non-controlling interests

Net income attributed to non-controlling interests for the three and nine months ended September 30, 2011 was $108,000 and $406,000, respectively, and represents the non-controlling interests of Plantations et Huileries du Congo (PHC) and Feronia PEK sprl (PEK) in the losses of Feronia as a result of their 23.83% and 20% holdings, respectively, of the total equity interest in the quarter. The net loss attributed to non-controlling interests for the three and nine months ended September 30, 2010 was $80,000 and $470,000, respectively, and represents the non-controlling interests of PHC and PEK in the losses of Feronia.

Cash used in operating activities

(Expressed in thousands of US dollars)	Three months ended September 30,			Nine months ended September 30,		
	2011[(1)]	2010[(1)]	% Change	**2011**[(1)]	2010[(1)]	% Change
Cash used in operating activities	$(7,429)	$(3,094)	140%	$(12,106)	$(3,005)	303%

Note:

(1) Certain figures have been restated and reflect adjustments as discussed in Note 2 of the condensed consolidated interim financial statements.

Cash used in operating activities in the three and nine months ended September 30, 2011 increased by 140% and 303%, respectively, to $7,429,000 and $12,106,000, compared to cash used in operating activities of $3,094,000 and $3,005,000 in the three and nine months ended September 30, 2010. The increase of cash used in operating activities in the third quarter of 2011 was primarily a result of deposits made and prepayments towards capital expenditure and the impact of an increase in inventory which we anticipate being offset by anticipated higher product shipments in the fourth quarter of 2011.

SUMMARY OF QUARTERLY RESULTS

The following table provides summary financial data for our last eight quarters:[(1)]

(Expressed in thousands of US dollars, except per share amounts)	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010
Revenues	$1,345	$1,614	$1,479	$878
Net Income (loss) from continuing operations attributable to owners of the parent[(2)]	$1,290	$2,035	$(7,158)	$(861)
Net Income (loss) per share from continuing operations attributable to owners of the parent – Basic	$0.01	$0.01	$(0.07)	$(0.01)
Net Income (loss) per share from continuing operations attributable to owners of the parent – Diluted	$0.01	$0.01	$(0.07)	$(0.01)

	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009
Revenues	$1,291	$1,143	$593	$1,079
Net Income (loss) from continuing operations attributable to owners of the parent	$(6,194)	$(918)	$(1,668)	$634
Net Income (loss) per share from continuing operations attributable to owners of the parent – Basic	$(0.11)	$(0.02)	$(0.05)	$0.04
Net Income (loss) per share from continuing operations attributable to owners of the parent - Diluted	$(0.11)	$(0.02)	$(0.05)	$0.04

Notes:

(1) Certain figures have been restated and reflect adjustments as discussed in Note 2 of the condensed consolidated interim financial statements.
(2) The Company does not have any discontinued operations.

Information for 2009 is presented in accordance with Canadian GAAP and was not required to be restated to IFRS. Information for 2010 and 2011 is presented in accordance with IFRS.

Summary of Quarterly Results: Variations in the net loss for the above periods were affected primarily by the following factors:

• **Revenues**: The business of Feronia has some seasonality. While oil palms produce fruit throughout the year, production follows an annual cycle with the highest production typically around May and the lowest production around October. This annual production cycle has a limited effect on costs, as the only costs that vary directly with production are fuel and transport costs. The arable farming operations are more seasonal, as there are three distinct sowing and harvesting periods per year.

• **Operating costs**: Operating costs have increased in the nine months ended September 30, 2011 compared to 2010, primarily due to an increase in operating expenses and professional fees. The increase in professional fees was due to the Company's reliance on outside consultants with respect to the preparation of year-end data.

• **Depreciation**: The increase in depreciation cost of $180,000 in the first two quarters and $137,000 in the third quarter of 2011 was mainly due to an increased investment in fixed assets in 2011, with depreciation charged in the year of acquisition.

• **Costs for raising equity:** Certain professional costs incurred in the offering in March 2011 were expensed under GAAP, but are offset against capital under IFRS accounting standards.

CASH FLOWS AND LIQUIDITY

Cash balance was $19,439,000 as at September 30, 2011, compared to $8,908,000 as at December 31, 2010, $14,669,000 as at September 30, 2010 and $478,000 as at January 1, 2010. The increase in cash balance of $10,531,000 was a result of an equity offering completed at the end of the first quarter of 2011 and an issuance of common shares and warrants for cash of $27,493,000, offset by a net loss (excluding non-cash items) of $5,888,000, decreases in working capital of $6,218,000 and capital expenditures of $4,856,000.

For the nine months ended September 30, 2011, working capital requirements resulted in cash outflows of $6,218,000, compared to cash inflows of $1,982,000 for the corresponding period in 2010. For the first nine months of 2011, net cash outflows of $6,218,000 were driven by an increase in payables of $1,241,000, an increase in prepaid expenses of $4,869,000, an increase in inventory of $2,554,000, and an increase in receivables of $36,000 to support anticipated higher product shipments in the fourth quarter of 2011. Working capital inflows of $1,982,000 for the nine months ended September 30, 2010 were driven by lower receivables of $385,000 and lower prepaid expenses of $15,000, and higher payables of $1,760,000 offset by higher inventory of $178,000. The increase in prepaid expenses was primarily driven by payments made in advance towards purchases of equipment, machinery for the arable farms, vehicles and fertilizer.

Investing activities resulted in cash outflows of $4,856,000 for the nine months ended September 30, 2011, compared to cash outflows of $2,641,000 for the nine months ended September 30, 2010, due to capital spending for manufacturing equipment in order to build production capacity.

Financing activities resulted in cash inflows of $27,493,000 in the nine months ended September 30, 2011, compared to cash inflows of $19,837,000 in the nine months ended September 30, 2010. Financing activities in 2011 primarily represent common shares and warrants issued in March and options exercised for proceeds of $27,493,000. Financing activities in the nine months ended September 30, 2010 primarily represent units issued in September 2010 of $16,828,000, proceeds from loans from a fund managed by a director of $1,000,000 and from a shareholder of $3,399,000, offset by a repayment of loans of $127,000 and payment of deferred financing costs of $1,263,000.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2011, Feronia had cash totaling $19,439,000. The Company intends to use the funds to meet net funding requirements for the commercialization of products in our target markets. This includes the rehabilitation of roads and other infrastructure on oil palm estates, new planting on oil palm estates, purchase of farm machinery and equipment, acquisition of land, purchase of grain storage and processing plant, planting of crops, acquisition of IT hardware and software and further development of business systems.

At this stage of our growth, we may record net cash outflows in operations and investing activities for at least the next few years as we continue to make significant investments in equipment and infrastructure activities necessary to commercialize our products. Our actual funding requirements will vary based on the factors noted above, our relationships with our lead customers and strategic partners.

Continuing operations of Feronia are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. There can be no assurance that the Company will be able to continue raising adequate financing or commence profitable operations in the future.

OUTLOOK

The Company is continuing to invest in the rehabilitation of its oil palm plantation business, PHC. The funding raised through the March 2011 equity financing is being used to accelerate the replanting programme at PHC and to construct a new oil palm mill at the Yaligimba estate. The Company had planned to commence construction of a 15 tonne-per-hour capacity oil palm mill at the Yaligimba plantation in 2013. Post-financing, the Company has embarked on a plan to construct a 60 tonne-per-hour capacity mill at the Yaligimba plantation in two phases of 30 tonne-per-hour capacity, commencing in 2011. The majority of costs in the PHC division are fixed. Management is optimistic that the new

plantings and additional processing capacity will allow the Company to realize significant economies of scale and greater operating efficiencies leading to higher fruit production, higher oil extraction ratios, higher oil production, and lower per-unit production costs.
The oil palms at our plantations in the DRC produce fruit year-round. There is seasonality to the production and the second and fourth quarters typically contribute more to annual production than the first and third quarters.

In 2011, the focus for the Company's arable farming division is to source fertilizers, agricultural lime, seed, sprays, mobile and fixed equipment necessary to operate a highly-mechanized arable farming operation in the Bas Congo province of the DRC. The Company has cleared land at its 10,000 hectare property at Lovo, Bas-Congo, DRC; sourced agricultural lime locally, imported fertilizers, imported the required mobile equipment, and is currently training employees on the operation of this equipment.

CONTRACTUAL OBLIGATIONS

At September 30, 2011, Feronia had the following contractual obligations and commercial commitments:

- The Company leases its premises in the United Kingdom under an agreement which is classified as an operating lease. The future minimum payments under the lease are payable in the years ending December 31, 2011 through 2015.

- As at September 30, 2011, there were no other significant changes in our contractual obligations and commercial commitments from those reported in the Annual MD&A.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of these actions. Management does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

RELATED PARTY TRANSACTIONS

Related parties include shareholders with a significant ownership interest in Feronia, together with the subsidiaries and affiliates, the Company's key management personnel, equity-accounted investees and minority interest partners in the DRC.

The following transactions were carried out with related parties:

Purchase of services from key management personnel

	For the three months ended September 30,		For the nine months ended September 30,	
Purchase of services:	**2011**	**2010**	**2011**	**2010**
includes the purchase of consultancy services, agency fees and property rental payments				
- Purchase of services from key management personnel	75,056	92,958	225,089	247,960
- Purchase of services from close family members of key management personnel	-	-	273	-
- Purchase of services from an entity controlled by key management personnel	121,304	99,933	255,920	318,749
- Purchase of services from an entity controlled by close family members of key management personnel	33,900	125,513	101,700	188,513
	230,260	318,404	582,982	755,222

	For the three months ended September 30,		For the nine months ended September 30,	
Purchase of assets:	**2011**	**2010**	**2011**	**2010**
includes the purchase of land and an non-controlling interest in a subsidiary				
- Purchase of assets and interests from an entity controlled by key management	-	-	-	2,223,586

Purchases of services from key management personnel consists of $30,000 (2010 $20,000) for the three months ended September 30, 2011 and $90,000 (2010 $80,000) for the nine months ended September 30, 2011, paid to Mr. bin Karubi, a current board member, in relation to rental payments for use of a building owned by Mr. bin Karubi for use as office space and accommodations; $43,577 (2010 $36,100) for the three months ended September 30, 2011 and $130,651 (2010 $94,658) for the nine months ended September 30, 2011, paid to Mr. Batanga, the current Chief Operating Officer of the Company, in relation to his services in such capacity; and $1,479 (2010 $nil) for the three months ended September 30, 2011 and $4,438 (2010 $nil) for the nine months ended September 30, 2011, paid to Mr. Buse, a current board member of PHC, in relation to his services in such capacity. $36,858 for the three months ended September 30, 2010 and $73,302 for the nine months ended September 30, 2010 was paid to Mr. Dry, the current Chief Executive Officer of the Company, for the provision of services as the former Chief Operating Officer, Palm Oil.

Purchase of services from close family members of key management personnel consists of $273 paid to the spouse of Ms. Cotton, the former Chief Financial Officer of the Company, in relation to the provision of translation services in the first quarter of 2011.

Purchases of services from an entity controlled by key management personnel consists of: (i) $106,250 (2010 $nil) paid in the nine months ended September 30, 2011 to a company controlled by Mr. Varma, the current Chief Financial Officer of the Company, in relation to his services in such capacity; (ii) $138,870 paid in the nine months ended September 30, 2011 to a company controlled by Ms. Cotton, the former Chief Financial Officer, in relation to assistance provided after her departure as Chief Financial Officer; (iii) $141,367 paid in the nine months ended September 30, 2010 to Ms. Cotton in respect of her role as Chief Financial Officer; (iv) $10,800 paid in the nine months ended September 30, 2011 to a company controlled by Mr. Condon, a current Board member, for the provision of business plans; and (v) $128,615 paid in the nine months ended September 30, 2010 to a company controlled by Mr. Siggs, the former Chief Executive Officer of the Company, in relation to his services as Chief Executive Officer and $48,768 paid to Mr. Siggs for the provision of administrative assistance and arable consultancy. Purchase of services from an entity controlled by a close family member of key management personnel consists of $33,900 (2010 $33,900) for the three months ended September 30, 2011, and $101,700 (2010 $96,900) for the nine months ended September 30, 2011, paid to a company controlled by the spouse of Mr. Sood, the current Chairman of the Company, in relation to the provision of corporate development services. During both the three and nine months ended September 30, 2010, $91,613 was paid to the company controlled by the spouse of Mr. Sood as agency fees for the provision of equity financing services.

Purchase of assets and interests from an entity controlled by key management consists of $2,223,586 paid to a company controlled by Mr bin Karubi in 2010, in relation to the purchase of land and a 20% non-controlling interest in a subsidiary of Feronia CI.

Key management compensation

Key management includes members of the board of directors and officers of the Company. The compensation paid or payable to key management for employee services is shown below:

	For the three months ended September 30,		For the nine months ended September 30,	
	2011	2010	2011	2010
Salaries and short-term employee benefits	91,110	4,376	412,310	4,376

	For the three months ended September 30,		For the nine months ended September 30,	
	2011	2010	2011	2010
Change in fair value of share-based payments	22,091	282,567	319,423	765,433

Payables to related parties

	2011	2010
- Entities controlled by key management personnel	10,342	8,077
- An entity controlled by close family members of key management personnel	-	897
	10,342	8,974

Transfers under finance arrangements

	2011	2010
Loans received, interest accrued and promissory notes issued		
- Loans received from entities controlled or directed by an entity controlled by key management personnel	-	1,126,499
- Monies from issuance of unsecured Non-Interest bearing promissory notes to entities controlled or directed by an entity controlled by key management personnel	-	3,347,640

- Loans received from entities controlled by key management personnel	-	49,000
- Interest on loans received from entities controlled or directed by an entity controlled by key management personnel	-	43,479
	-	4,566,618

	2011	2010
Conversion of Debt		
- Conversion of debt for shares & warrants to entities controlled or directed by an entity controlled by key management personnel	-	1,038,794
- Conversion of debt for subscription receipts to entities controlled or directed by an entity controlled by key management personnel	-	3,347,640
- Conversion of debt for shares & warrants to entities controlled by key management personnel	-	49,000
- Purchase of assets and interests from an entity controlled by key management for shares & warrants	-	2,223,586
	-	6,659,020

Mr. Sood, the current Chairman, was also the former Chief Executive Officer of Navina Asset Management Inc. (“Navina”) and subsequently left Navina in October 2010. Navina was an entity which exercised control or direction over 35,839,090 common shares held by TriNorth Capital Inc., Global Agribusiness Trust, Lawrence Venture Fund, Lawrence Enterprise Fund Inc and Navina Opportunities Fund Inc and 7,500,000 warrants held by Global Agribusiness Trust, Navina Opportunities Fund Inc. and Lawrence Enterprise Fund Inc.

The entities controlled by key management personnel consist of a company controlled by Mr. Siggs, the former Chief Executive Officer of the Company; a company controlled by Ms. Cotton, the former Chief Financial Officer of the Company; and a company controlled by Mr. bin Karubi, a current board member.

SUMMARY OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares, of which 144,901,500 common shares are issued and outstanding as of the original date of this MD&A. In addition, the Company has warrants outstanding to purchase up to an aggregate of 51,359,262 common shares, broker warrants outstanding to purchase up to 4,942,441 common shares, and options outstanding to purchase up to 8,251,528 common shares. Assuming the exercise of all of the outstanding warrants, broker warrants and options, an aggregate of 209,455,481 common shares will be issued and outstanding on a fully diluted basis.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The condensed consolidated interim financial statements for the period ended September 30, 2011 were prepared in accordance with IFRS applicable to the preparation of unaudited interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting and IFRS 1, First-time Adoption of IFRS. The accounting policies followed in the condensed consolidated interim financial statements are the same as those applied to the Company’s amended and restated condensed consolidated interim financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s Canadian GAAP annual financial statements for the year ended December 31, 2010 and the

Company's first IFRS-prepared amended and restated condensed consolidated interim financial statements for the three months ended March 31, 2011. Note 17 of the condensed consolidated interim financial statements for the period ended September 30, 2011 discloses the impact of the transition to IFRS on the Company's reported equity as at September 30, 2010 and comprehensive income for the three and nine months ended September 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended December 31, 2010.

NON-GAAP FINANCIAL MEASURES

Gross margin is not a financial measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. The Company's method of calculating gross margin may differ from other methods used. Gross margin is presented in this MD&A as additional information regarding the Company's financial performance. Gross margin has been calculated by deducting cost of sales from revenue.

RISKS & UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. Readers should carefully consider the risks and uncertainties described under "Risk Factors" in the Listing Application and under "Risk Factors Affecting Future Results" in the Annual MD&A, which remain substantively unchanged. The risks and uncertainties described in the Listing Application and the Annual MD&A are not the only ones we face. Additional risks and uncertainties, including those that we do not know about now or that we currently deem immaterial, may also adversely affect our business. For a more complete discussion of the risks and uncertainties which apply to our business and our operating results, please see the Listing Application, Annual MD&A and other Company filings available at www.sedar.com.